

Memo



To: Committee of the Whole
From: Chief Financial Officer
Date: 2019-01-14
Subject: Council Remuneration

Background

On November 19, 2018 Council requested a review of elected officials remuneration, as the recently adopted Council Members Remuneration and Expenses Bylaw No. 2050 does not fully compensate Council for the additional tax payable as a result of the elimination of the one-third non-taxable allowance. The issue of reimbursements for local travel expenses was also raised at that meeting.

Prior to the election, staff provided the previous Council with a report on the City's remuneration levels compared to similar municipalities, along with the amounts of remuneration required to compensate for the loss of the tax-free allowance. The outgoing Council voted to adopt a bylaw increasing 2019 remuneration by a CPI factor of 2.5% to annual amounts of \$24,000 and \$18,000 for the Mayor and Councillors respectively.

There are a few options available to compensate Council for additional expenses incurred in the course of performing their duties. Some of these include:

- a) Payment of a per kilometer travel reimbursement for local travel. This would require Council members to keep track of their mileage for tax-free reimbursement at approved CRA rates. Travel to attend Council meetings would not be eligible, but travel to other local functions would be.

This option would not require a bylaw amendment, as it falls under the provisions of the existing Travel Expense Allowance Policy 112-A1.

- b) Payment of a (taxable) per diem or additional allowance for attending engagements and events outside of scheduled Council meetings.
- c) Increasing remuneration amounts to compensate for the elimination of the tax-free allowance. Using a marginal tax rate of 20.06%, the equivalent amounts for 2019 would be \$26,000 for the Mayor and \$19,500 for Councillors. This was the option proposed to the previous Council and rejected in favour of a CPI increase.

After reviewing remuneration levels for other comparable municipalities, staff would like to draw attention to some anomalies regarding Councillor pay for Grand Forks. The first is that the 2018 remuneration amounts for this City's Councillors were significantly higher than the average for other municipalities of similar size and secondly, the ratio of

Councillor to Mayor compensation, at 75%, is well outside the 50-60% range of other municipalities.

In addition, the COTW should be aware that not all municipalities pay the premiums for Council members' extended health and dental coverage and MSP.

The following table of data for comparable municipalities, which is similar to the 2017 data provided previously, has been updated with 2018 remuneration amounts for further reference.

	Population	2018 Annual Remuneration		Councillor as % of Mayor
		Mayor	Councillor	
Grand Forks	4049	\$ 23,423	\$ 17,568	75%
Armstrong	4815	22,893	13,027	57%
Castlegar	8039	32,000	16,000	50%
Gibsons	4605	31,485	14,601	46%
Merritt	7139	26,010	15,606	60%
Oliver	4928	27,907	14,883	53%
Osoyoos	5085	27,822	16,957	61%
Peachland	5428	36,111	14,449	40%
Rossland	3729	17,184	8,763	51%
Trail	7709	30,936	15,468	50%

If Council chooses to proceed with payment of per diems, or an increase in remuneration, the existing bylaw will have to be amended or replaced.

Benefits or Impacts

General

Strategic Impact

- 📌 The financial impact of options (a) and (b) is unknown at this time.
- Option (c) above would increase 2019 expenses by approximately \$12,000.

Policy/Legislation

Council Members Remuneration and Expenses Bylaw No. 2050, 2018.

Attachments

Council Members Remuneration and Expenses Bylaw No. 2050, 2018.